



HF 94 – State Budget Searchable Database (LSB 1559HV)

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Fiscal Note Version – New

Description

House File 94 requires the Department of Management (DOM) to develop and implement a searchable budget and tax rate database website. The Bill requires the website information pertaining to the budget database to be operational by January 1, 2013. Information for the tax rate database is to be implemented by January 1, 2012. The Bill requires the information on the website to be made available at no cost to the public.

Background

Thirty-two states have implemented database websites with varying degrees of budget and expenditure information and search capabilities. The costs to implement the systems have varied significantly due to the level of financial detail, the functionality of the systems, and the existing capabilities and configurations of state accounting systems. Cost information is available for fourteen of the states. These states reported initial development costs between \$38,000 and \$457,000.

The Department of Revenue has cited numerous provisions that require clarification before a complete cost estimate can be provided. The clarifications are summarized below. A more complete list of the clarifications is available from the LSA.

- Tax exemptions and credits need to be further defined. A database of individuals and businesses that benefit from sales and use tax exemptions does not currently exist.
- Currently, the Department is prohibited from providing sales and use tax transaction data, including information on exempt sales, for individual business entities.
- The Bill requires a geographical tax rate map to be developed that is capable of searching all tax rates by zip code and corresponding to each taxing district. Tax rate information is not available by zip code because zip code boundaries cross government jurisdictions and taxing districts.

Assumptions

- The Department of Administrative Services (DAS) estimates initial development costs of \$546,000, including:
 - Develop a standard data format: \$30,000
 - Project implementation: \$207,000
 - Incorporate data from Judicial Branch, DOT, and Regents: \$80,000
 - Incorporate tax credit and exemption data: \$50,000
 - Tax rate functionality (search & display): \$85,000
 - Server hosting costs: \$43,000
 - I-3 functionality testing: \$51,000

- Annual costs after the initial development are estimated at \$123,000.
- Estimated cost to be incurred by the Regents universities is not available.
- The cost to the Department of Revenue for modifying existing data files and developing new computer programs is estimated at \$25,000. The Department cannot provide an estimate for the following work that the proposed legislation may require:
 - Development of a statewide centralized sales and use tax exemption certificate and exempt purchases database.
 - Development of web-based tax rate calculators for sales and use tax, individual income tax, corporate income tax, and other business taxes. These are undefined by the proposed legislation.
 - Development of computer programs that would support the aggregation of tax credit claims made by shareholders of pass-through entities to the level of the business entity.

Fiscal Impact

The identifiable costs of HF 94 are estimated to be \$571,000 for the first year of development and implementation costs and \$123,000 each year thereafter for operational-related costs. Costs may be funded from the General Fund or from non-General Fund sources.

Several provisions of the Bill cannot be estimated until additional clarification of certain requirements can be provided. This estimate does not include potential costs to the Regents universities.

Sources

Department of Administrative Services

Department of Revenue

Sunshine Review, *Cost of State Transparency Websites*

Public Interest Research Group, *Following the Money: How the 50 States Rate in Providing Online Access to Government Spending Data.*

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Iowa Code [Section 2.56](#). Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.
